

**BOARD OF TECHNICAL EDUCATION
MINUTES OF THE MEETING
July 17-18, 2017**

Monday, July 17, 2017

The Board of Technical Education (BOTE) met on July 17, 2017 for its inaugural meeting at 3:00 pm at Western Dakota Technical Institute (WDT) in Rapid City with the following members present:

Rod Bowar
Dana Dykhouse
Doug Ekeren
Bob Faehn
Scott Knuppe
Ed Mallett
Terry Sabers
Diana VanderWoude

Also present during all or part of the meeting were Governor Dennis Daugaard; Brett Arenz, Legal Counsel Department of Education; Mike Cartney, Lake Area Technical Institute (LATI) President; Mark Wilson, Mitchell Technical Institute (MTI) President; Rich Kluin, Vice President of Finance and Operations at Southeast Tech (STI); Ann Bolman, Western Dakota Tech (WDT) President; Tony Venhuizen, Patrick Weber, Kelsey Smith and Bailey Carlsen from the Governor's Office; Tiffany Sanderson, Director of Career and Technical Education for the Department of Education; Kim VanDenHemel, Secretary for the Division of Career and Technical Education for the Department of Education and other members of the public and media.

Discussion with Governor Dennis Daugaard

Governor Daugaard thanked the board members for serving on the board and discussed his priorities for workforce development and career pathways. He stated that the BOTE should be the custodians of the four technical institutes. Daugaard spoke about the number of jobs gained since the recession and how the 'skills gap' has become more noticeable since then. As a result, workforce development has become a focus for the State. Technical education is an essential element in that work.

The Governor noted that the tech schools have been doing a much better job of marketing. They are changing the way in which people are viewing technical education.

We need to do a better job of career counseling, as well as educating young students on the job opportunities right here in SD.

Discussion was had and questions were asked by the board on these priorities. Topics of note included the cost of postsecondary education, the need to educate both students and their parents on the value of technical education, the opportunity for non-traditionally aged students to seek technical education, and labor laws pertaining to minors in the workplace.

Discussion with Black Hills Home Builders Association

The Board of Technical Education (BOTE) met with the Black Hills Home Builders Association at the 5:30pm on July 17, 2017. In addition to the board members noted above, board member Scott Peterson was also present.

Also in attendance during all or part of the meeting were members from the Black Hills Home Builders.

Board members discussed workforce and education needs in the construction industry and potential partnerships.

Tuesday July 18, 2017

The Board of Technical Education (BOTE) convened for its first official business meeting on Tuesday July 18, 2017 at 8:00 am.

1-Call to Order and Roll Call

Ed Mallett, Acting Chairman, called the meeting to order at 8:00am MT. Scott Peterson was excused; all other members were present.

2-Adoption of the Agenda

Motion by Dykhous, second by Faehn to adopt the July 18, 2017 proposed agenda via voice vote. All present voted in favor. Motion carried.

3-Election of Officers

Doug Ekeren, on behalf of the nominating committee, nominated Dana Dykhous to serve a two-year term as president of the board. After a motion to cease nominations and cast a unanimous ballot for Dykhous by Bowar with a second by Faehn, all present voted in favor via voice vote except Dykhous abstained). Motion carried.

Ekeren nominated Bob Faehn to serve as vice president of the board. After a motion to cease nominations and cast a unanimous ballot for Faehn by Bowar with a second by Sabers, all present voted in favor via voice vote except Faehn abstained. Motion carried.

Ekeren nominated Terry Sabers as secretary of the board. After a motion to cease nominations and cast a unanimous ballot for Sabers by Bowar with a second by Faehn, the motion carried.

Dykhouse, Faehn and Sabers will serve in their respective offices until the board's first meeting in the 2019-20 fiscal year.

4-Report of the Interim Executive Director

Tiffany Sanderson, Director of Career and Technical Education for the Department of Education and Acting Interim Executive Director for the Board of Technical Education, welcomed everyone to the meeting and shared that the position announcement for the board's Executive Director had been released and candidates were being accepted. She also updated the board on the codification of everything passed in 2017's Senate Bill 65. Related laws are now located in Chapter 13-24:10. She also reminded the group that the Governor is now the chairman of the Western Governors Association (WGA) and his initiative as chairman is workforce development. He is hosting a South Dakota-specific event before the first official WGA forum, which will be held August 2nd in Sioux Falls.

5-Declaration of Conflicts

President Dana Dykhouse announced there were three disclosures and one waiver for the board's consideration per law. Brett Arenz, Legal Counsel for the Department of Education and BOTE, explained the annual disclosure requirements. There are two tiers of conflict. The first is a contract in which board members have an interest which requires the disclosure form and the second tier is one in which board members receive a direct benefit, resulting in a need to fill out a waiver request form. The waivers require a vote of the board to approve. Terry Sabers and Rod Bowar shared information on their disclosures. Bob Faehn discussed his disclosure and waiver request. After a motion by Mallett with a second by Sabers to approve the waiver for Bob Faehn, the following roll call vote occurred:

Name	AYE	NAY	ABSTAIN	EXCUSED
R. Bowar	X			
D. Dykhouse	X			
D. Ekeren	X			
B. Faehn			X	
S Knuppe	X			
E. Mallett	X			
S. Peterson				X
T. Sabers	X			

D. VanderWoude	X			
Total	7	0	1	1

Motion carried.

6-2017-18 Meeting Calendar

Sanderson reminded those in attendance and listening via South Dakota Public Broadcasting that all documents for the meeting could be located or referenced at www.doe.sd.gov/bote.

Sanderson shared that the board meeting dates and locations for 2017-18 as proposed during the board's orientation remained unchanged.

7-First Read-SD Administrative Rules Transfer to Board of Technical Education

Sanderson explained the administrative rules revision process, including the official "first read". She handed out a package of the proposed rules amendments to transfer the existing technical institute-related rules from Article 24:10 under the Board of Education Standards to 24:59. The proposed rules change any references of the current director of CTE to the Executive Director of the Board of Technical Education, any references to the Board of Education to the Board of Technical Education, and any references to the Department of Education to the Board of Technical Education. No substantive changes are proposed at this time. All law references now refer to the new laws for the BOTE. With a motion by Knuppe and a second by Ekeren to move the rules to public hearing at the October meeting, the following roll call vote occurred:

Name	AYE	NAY	ABSTAIN	EXCUSED
R. Bowar	X			
D. Dykhouse	X			
D. Ekeren	X			
B. Faehn	X			
S Knuppe	X			
E. Mallett	X			
S. Peterson				X
T. Sabers	X			
D. VanderWoude	X			
Total	8	0	0	1

Motion carried.

9-2018 Legislation: 13-48-40

Sanderson explained a proposed amendment to South Dakota Codified Law Chapter 13-48 that could be addressed during the next legislative session. The proposed amendment would add language to 13-48-40 to direct complaints that come in against a technical institute over to the BOTE for consideration, parallel to how complaints against Board of Regents institutions are currently handled. With a motion by Sabers and a second by VanderWoude to move the proposed amendment forward during the 2018 legislative session, the following roll call vote occurred:

Name	AYE	NAY	ABSTAIN	EXCUSED
R. Bowar	X			
D. Dykhouse	X			
D. Ekeren	X			
B. Faehn	X			
S Knuppe	X			
E. Mallett	X			
S. Peterson				X
T. Sabers	X			
D. VanderWoude	X			
Total	8	0	0	1

Motion carried.

10.1-High School Enrollments at 2-Year Technical colleges in the Region

Sanderson shared a report detailing the two-year college selections made by South Dakota high school graduates from 2014 to 2016. Students choosing two-year schools have increased over these three years, largely to South Dakota's technical institutes. In 2014, 914 SD students went on to enroll at a state technical institute. By 2016, that number increased to 1,195. Iowa, Wyoming, Minnesota, Nebraska, and North Dakota are the five largest benefactors of South Dakota graduates, capturing 512 students at their two-year colleges between 2014 and 2016. A total of 3,286 South Dakota students enrolled at the state's technical institutes during the same time period.

10.2-Regional Cost Competitiveness

Sanderson discussed obstacles that may keep individuals from enrolling in South Dakota's technical institutes, focusing most of the report on affordability and South Dakota's competitiveness with other two-year colleges in the region. She distributed a report detailing the comparisons. Nationally, revenue changes in two-year colleges have shifted more of the burden of total education expenses to tuition, which is the portion of college education paid by

students. Of note for South Dakota is that there are fewer federal grants available to support educational programs at the technical institutes, so cost for students have gone up. South Dakota has the highest tuition rate compared to the surrounding states. Other states have additional revenue sources like local property taxes, auxiliary sales taxes, and motor vehicle taxes to assist with funding two-year colleges. In order for South Dakota to meet the current regional average tuition cost, tuition would have to drop more than \$55 per credit.

10.3-Facility Valuations & Obligations

Sanderson reported on technical institute facility replacement values and outstanding obligations across the system. The South Dakota Bureau of Administration reassessed replacement values at each campus in June 2017. Currently there are 21 facilities; 15 are owned by the state through bonds, three owned by the technical institute, and three jointly owned by the local school district and the technical institute or the state and the technical institute.

From the June 2017 assessment, total replacement value for all buildings is currently \$323,806,596. Outstanding debt on the facilities, including total principal and interest, is \$227,718,464.

8.1-SD Board of Regents: Priorities and Partnerships

John Bastian, member of South Dakota Board of Regents, welcomed the board and shared their statewide attainment goal: 65 percent of South Dakotans ages 25-34 will hold some type of postsecondary credential by 2025. Bastian introduced Dr. Mike Rush, Executive Director of the Board of Regents.

Dr. Rush discussed the three main goals of the Board of Regents: Statewide Attainment Goal, Shared Responsibility Framework, and Articulation Agreements. He also detailed how they are working to achieve these goals, highlighting several potential opportunities for the boards to partner on work.

8.2-SD Department of Labor and Regulation: Workforce Data

Marcia Hultman, Cabinet Secretary for the South Dakota Department of Labor and Regulation, presented on workforce challenges and what the department is doing to minimize them. She talked about how the department and BOTE can work together.

11-Vocational Education Fund Statement

Sanderson discussed the accounts related to technical institute facilities bonds and reviewed their standing as of June 30, 2017. Dykhous explained that a certain portion of the bond dollars are set aside for future payments and that a portion of the tuition payments are used to pay the bonds. Dykhous also proposed that they receive this information on an annual basis. All members were in agreement.

12-FY18 Technical Institute Local Budgets

Each technical institute presented on their fiscal year 2018 budget as an informational item for the board. The local school districts in Watertown, Mitchell, Sioux Falls, and Rapid City are responsible for taking action on their tech school's proposed annual budget.

Each president walked through the attached budget information and answered questions from the board members.

Executive Session

Sabers moved to go into executive session with a second by Faehn to discuss the qualifications of the prospective Executive Director. All members present voted in favor via voice vote and the motion carried.

The board went into executive session at 12:00pm MT.

President Dykhous brought the board out of executive session at approximately 12:50pm MT.

Sabers gave a brief report that the board met to discuss the pending executive director positions and the qualifications required. Sabers moved to approve the executive session report with a second by Faehn. After a voice vote with all members present voting in favor, the motion carried.

Dykhous appointed a search committee consisting of Dykhous, Ekeren and VanderWoude to review applications and manage the interview process.

13-FY18 Technical Institute Local Maintenance & Repair Plans

Sanderson explained that funding for maintenance and repairs on each campus comes from student fees and is matched on each campus through local investments from the technical institutes' general operating funds. Students pay \$5 per credit in maintenance and repair fees in fiscal year 2018.

Dykhous asked that all members of the board review the anticipated funds invested and projects completed in fiscal year 2018 on their own and discuss further during their October meeting.

14-FY19 Budget Proposal

Sanderson explained that the state budget proposal process usually starts in March following legislative session. Because the board was established July 1st, the budget proposal for fiscal year 2019 was developed with the input of the technical institute presidents and must be

submitted to the Bureau of Finance and Management by the end of August. The budget proposal for the board's consideration focused on three major items: ensuring facilities and equipment are top-notch so students can learn on equipment they'll use in the industry, keeping costs affordable for students and providing adequate base funding to support the operations of the technical schools.

In addition to the fiscal year 2019 budget proposal, the board was also asked to consider an amendment to the FY18 appropriations to revise the per student allocation funding to match the actual calculated full-time equivalents (FTEs) throughout the system. There were more students enrolled throughout the 2016-17 academic year than earlier projected, causing the state appropriation to be less than was needed to meet the state's obligation.

The amounts proposed for base funding through the budget proposal are in addition to the funding that is already being distributed to the facilities. The fiscal year 2019 proposal sought \$3.8 million in on-going funds and \$6 million in one-time funds. Ekeren motioned to approve the budget as presented with a second from Bowar. The following roll call vote occurred:

Name	AYE	NAY	ABSTAIN	EXCUSED
R. Bowar	X			
D. Dykhouse	X			
D. Ekeren	X			
B. Faehn	X			
S Knuppe	X			
E. Mallett	X			
S. Peterson				X
T. Sabers	X			
D. VanderWoude	X			
Total	8	0	0	1

Motion carried.

16-Board Discussion-Priority Work

In closing discussion, Dykhouse asked board members to share what they thought the priority of the board should be.

Each member made some comments, including the need to prioritize the board's work and establish better relationships and industry partnerships. All agreed the work of the technical institutes is important to better develop the workforce needed to meet the demands of the South Dakota economy. Members also thanked the governor for speaking to them and his support for technical education. Dykhouse offered concluding comments by thanking everyone

for their dedication. Success requires vision, passion and a strategic plan, and the board members will continue to discuss their priorities and work on a strategic plan.

17-Adjournment

Faehn moved to adjourn with a second by Mallett. After a voice vote with all in favor, the motion carried and the meeting adjourned at 1:10pm MT.

18-Western Dakota Technical Institute Tour

All board members toured the WDT campus to meet faculty and staff and to see the programs offered and facilities.